

# Bore me with the Details

—Income Statistics

When reading the economic news, income and poverty statistics are often quoted with comparisons between the various states and with the nation as a whole. There are a number of different measures that are commonly used—median household income, per capita income, disposable personal income, average family income, poverty rates, etc. Usually when such figures are given in the press there is very little explanation as to how these numbers are collected and what they mean in relation to each other.

**Understanding income statistics—personal vs. money income—and how they are measured.**

There is a good reason for this lack of detail. The nuances of income data collection and measurement quickly become quite complicated. There are several survey programs and types of administrative records that comprise the multiple sources for income statistics. It is important to understand that different surveys, which are designed to meet different needs, will produce different results.

There are two measures that are used most often—money income and personal income.

The measurement of “money income” is an attempt to add up all the cash received by persons 15 years old and over in a given year. Money income includes earnings (wages and salaries), unemployment compensation, workers’ compensation, social security, supplemental security income, cash public assistance, veterans’ payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, estates, trusts, educational assistance, alimony, child support, assistance from outside the household, and other miscellaneous money income. It is income before deductions for taxes or other expenses and does not include lump-sum payments or capital gains.

Money income estimates are determined by sample surveys of people living in households and other individuals. The U.S. Census Bureau collects money income data with various programs; the most well known are the Current Population Survey, the American Community Survey, and the Decennial Census.

The measurement of “personal income” is an attempt to add up all income received by persons from all sources for a given geographic area. How is this different from money income? When determining personal income, individual people are not

asked what money they receive; rather, total income is measured from economic and business activity. The sources of personal income estimates are government administrative records (business and individual tax returns, unemployment insurance reports, social insurance programs, public assistance records, etc.) and from business surveys. The U.S. Bureau of Economic Analysis produces the estimates of personal income.

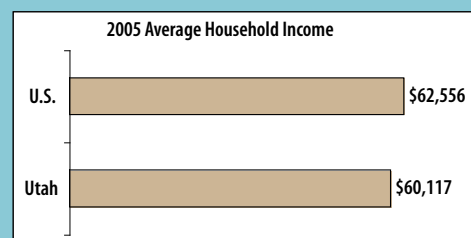
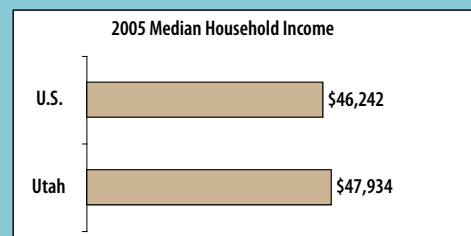
Personal income includes wages and salaries, commissions, tips, bonuses, owners’ income, rental income, interest, dividends, social insurance payments, public assistance, and employer contributions (to pensions, insurance, and social insurance).

Money income and personal income are attempts to essentially measure the same thing, but from very different perspectives. With money income, people are asked what money they receive from any source, producing measures like median household income or the number of people with income below the poverty level. Personal income is an estimate of income from all sources that accrues to people from their economic activity or from transfer payments producing total personal income and per capita personal income statistics.

It is helpful to have a basic understanding of how various income measures are derived in order to understand the relative strengths and weaknesses of these statistics and their appropriate uses. ❶

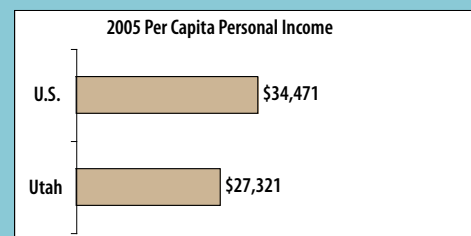
*For further information on these income statistics, their sources and measurement methodologies the Census Bureau web site is [www.census.gov](http://www.census.gov) and the Bureau of Economic Analysis web site is [www.bea.gov](http://www.bea.gov).*

## Money Income



## Personal Income

2005 Utah Total Personal Income	\$68.0 billion
2005 Utah Disposable (after taxes) Personal Income	\$60.8 billion



Source: U.S. Census Bureau and U.S. Bureau of Economic Analysis.

Money income estimates are determined by sample surveys.